

March 5, 2013

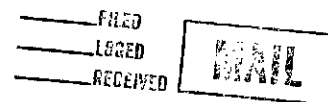
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MAR 07 2013
AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY



11-CV-00726-APPL

To whom it may concern:

I am writing to object to the Settlement in *Moomjy v. HQ Sustainable Maritime Indus., Inc., et. al.*, Case No. 2:11-cv-00726-RSL. I object to the settlement for two reasons: 1) I believe a clear case of fraud can be made against the Defendants, in particular Norbert Sporns, and 2) the amount of the settlement is insufficient to adequately compensate for the losses incurred by individuals like me. Detail on each reason is provided below.

- 1) On page 2 of the Notice of Proposed Settlement of Class Action document, it states that "Had the case gone to trial, Defendants would have asserted that HQSM's revenue recognition practices were fully and adequately disclosed and that the statements that Defendants made about HQSM's business were *accurate and not false or misleading when made.*" (emphasis added)

In addition, page 2 states that "The issues on which the Parties disagreed included but are not limited to: ... (4) whether the statements made or facts allegedly omitted were *false, misleading, material, or otherwise actionable under the federal securities laws.*" (emphasis added)

Simply put, I have clear evidence that Norbert Sporns and Jean-Pierre Dallaire made false, misleading, and/or material mis-statements regarding HQ Sustainable's business throughout 2010, particularly regarding the need for additional capital in order to build a fry breeding facility and a new value-added processing facility. I believe that in fact either one or both of these facilities was never actually constructed nor placed in operation, and I believe that the Plaintiff's Lead Counsel has done insufficient work to prove that such fraud took place (which has lead to insufficient recovery of settlement amounts for the Plaintiffs). I provide the following points as evidence of Defendants' false, misleading, and/or material mis-statements, and I ask the judge to consider whether if I, as a small retail investor, can make such a forceful case, why hasn't Plaintiff's Lead Counsel?

- a. I have notes from my August 2010 conversation with then EVP-Finance Gene Hill, who left HQS shortly after the disastrous equity raise in August 2010 (disastrous in that the stock dropped significantly due to the equity raise being at a price below book value). In this conversation Gene said \$2-3 million was remaining for the estimated fry breeding facility costs of \$7-8 million, implying

\$5-6 million had already been spent in 2010 calendar year (to my knowledge there was never any mention of a fry breeding facility in SEC filings or press releases prior to calendar year 2010, hence my assumption that construction and spending began in calendar 2010). See EXHIBIT A

- b. I also provide for your review a corporate presentation dated March 2010 -- see pages 21-22 for specific mentions of capital spending plans on the frye breeding plant and the new value-added processing facility (I recognize that these are forward-looking, but the company comes back to reference these figures in subsequent press releases). See EXHIBIT B
- c. I also provide my notes from a Roth Capital conference that HQS presented at in March 2010 - I was taking notes from a dial-in line - my notes indicate that specifically as it relates to the fry breeding facility, "Inv(estment) is \$8 (million) (3-4 spent already, bal spent q1/q2 (2010))". See EXHIBIT C
- d. I also provide an 8-K dated 8/16/10 which provides statements (on p. 11) referencing the value-added processing and frye breeding facilities. See EXHIBIT D

"The Company plans to expand production of value added seafood products in a new re-processing production facility in close proximity to our current production facility. The Company sees increasing demand in China for value added seafood products and believes this new re-processing plant will help the Company expand its production capacity to meet this increased demand. The Company commenced construction of this new re-processing plant early this year and expects to complete construction in the first half of 2011. In addition, the Company has undertaken the development of a fry breeding and genetics facility to target improvements in the growth rate of tilapia. The opportunity to improve the genetics of its tilapia and improve growth rates will help the Company take a leadership position as a low cost producer of high quality tilapia. We acquired the land for our fry breeding and genetics facility at the end of 2009 and began construction early this year. We expect to complete construction by the end of the third quarter or early fourth quarter of this year."

- e. Next I provide an 8-K from 9/14/10 which corroborates the statements from item d. above. See EXHIBIT E
- f. Next, note that although there is no transcript available, I did re-listen to the 2q10 conference call from 8/9/10 via FactSet's CallStreet service, wherein Gene Hill reference the fact that the fry breeding facility was operational "in part" and that work had already begun on the new value-added processing facility.
- g. I also note that on HQS's 3q10 conf call, Norbert Sporns specifically states that they've "added a ... new fry breeding facility" (transcript not available).

"Since 2004, we have expanded capacity at our seafood processing plant to some 40,000 metric tons, live weight flow through, added a new state-of-the-art 100,000 metric ton feed mill and new fry breeding facility."

- h. I also provide HQS's 2q10 and 3q10 results releases, which show actual capital expenditures for the respective year-to-date periods (I've highlighted these) -- the company continues to spend hardly anything to build as it goes along, despite Norbert's claim in various presentations, press releases, and conference calls that the fry breeding facility is in fact built, and was supposed to cost \$7-8 million. See EXHIBITS F and G

Putting this all together, I believe Norbert Sporns deliberately deceived the marketplace in numerous ways, the most glaring of which was making the case for additional capital needed to fund two significant projects - a fry breeding facility and a new value added processing facility -- the combined needs for which would be \$22-23 million, and which supposedly were in progress throughout 2010, but by November 2010 (when the 3q10 financial statements were filed) only \$1 million had been spent on. To reiterate: I believe they lied about needing money for specific projects and stated repeatedly that these projects were in progress, but they failed to record the supposed significant capital outlays anywhere in their financial statements. Either they were misleading in their conference calls and transcripts or misleading in their SEC filings. And just so you know that the fry breeding capex couldn't have shown up on calendar year 2008/2009 financial statements, I refer you to the 10-K filed 3/15/10 which shows combined capital expenditures of around \$13.1 million combined in 2008 and 2009, during which the company (according to my notes and various transcripts) spent \$15 million alone on its new feed mill. So there is simply no "room" for the fry breeding capex to show up in these earlier years (and I suspect Norbert was being dishonest about how much the feed mill cost and when money was deployed at all on this project, if ever).

- 2) Combined with the facts outlined in point 1) above, along with the fact that HQS raised \$10 million in August 2010 for an equity raise (the proceeds of which were never likely deployed toward construction of a new fry breeding or value-added processing facility), I believe that there exist sufficiently more funds than the \$2.75 million being made available under the Settlement Fund. It's hard to believe that Plaintiff's Lead Counsel has performed adequate legal work to maximize recovery for Plaintiffs.

I believe Norbert Sporns and his management team deceived investors to raise money that was never intended to fund ongoing capital expenditures for HQ Sustainable. What he did with the proceeds I don't know, but I do know he has shaken my faith in the legal and regulatory system, and has lost me a good deal of money by acting imprudently with shareholder funds. His actions are shameful, and it would be shameful if investors weren't allowed to re-coup more than a pittance of the moneys they lost.

Respectfully submitted,



Mark Hanson

My relevant information is provided below:

Name: Mark Pierce Hanson

Address: 600 North Fairbanks Court #2403
Chicago, IL 60611

Telephone: (312) 493-5954

HQSM common stock purchase history:

Date	No. of shares acquired	Acquisition price (\$)	Cost basis (\$)
04/13/2010	433	6.13	2,654
05/06/2010	133	5.36	713
07/30/2010	353	4.31	1,521
07/30/2010	33	4.30	142
03/08/2011	260	3.85	1,001
03/17/2011	305	3.24	988
07/08/2011	95	5.08	483
Total	1,612	4.65	7,502

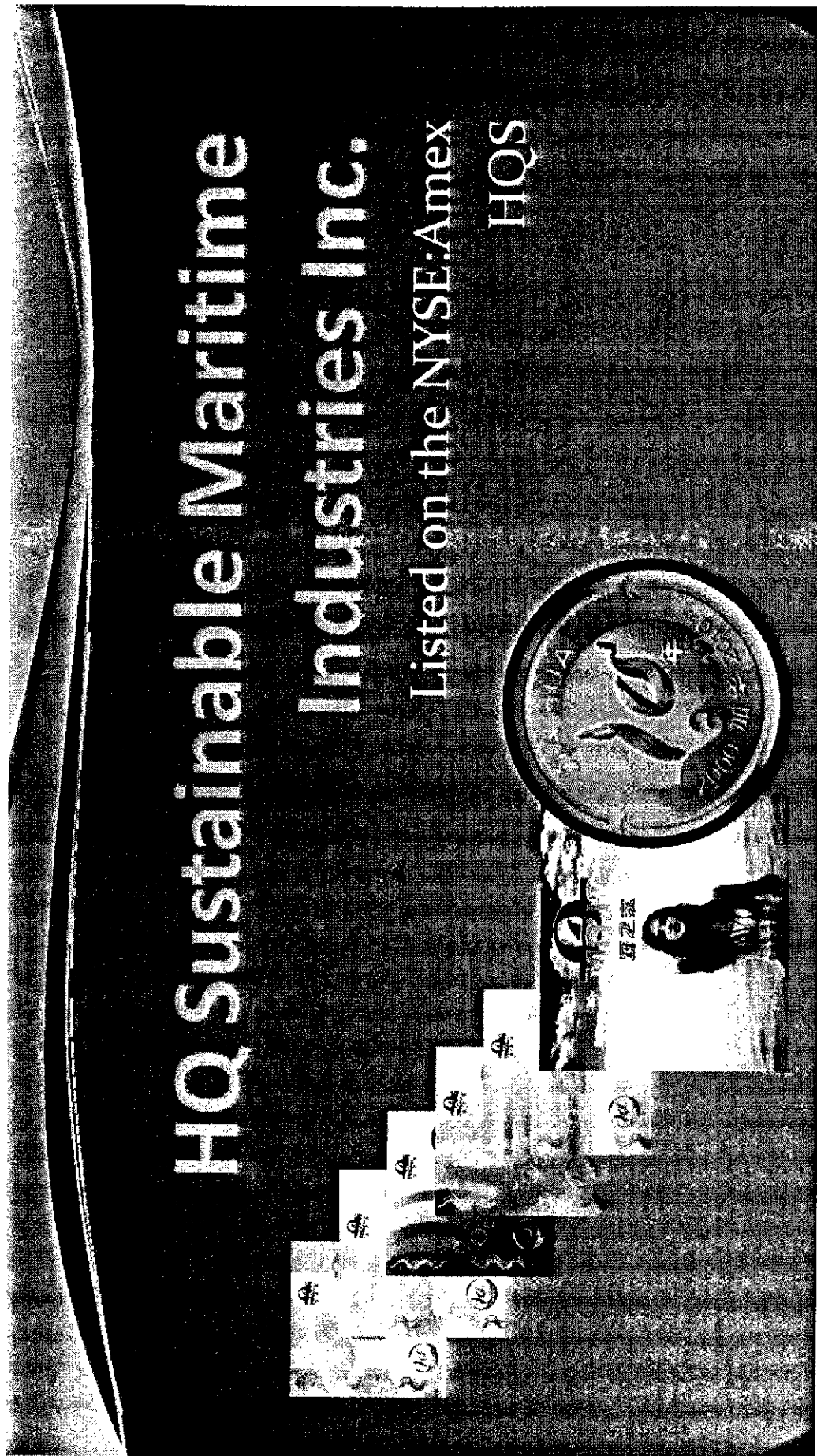
Exhibit A

HQS**Conversation with Gene Hill**

August 10, 2010

-
- Current cash on bal sheet allocated as follows:
 - \$10MM working capital for feed mill (farmers are allowed to pay in fish for the feed they purchase) – we knew about this
 - \$15MM for new processing plant (we knew about this)
 - \$10-\$15MM working cap for new processing plant (we knew about this)
 - \$2-3MM remaining on new breeding facility (we knew about this as well)
 - *this disregards ongoing cash inflows from operations, however, to help fund capex needs*
 - Why not raise debt?
 - As I stated in yesterday's email, b/c title to assets is held in China, very hard for Western lenders to get comfortable – Chinese banks also operate differently than Western banks in that they require, for example, a revolver to be paid back in full at the end of each year
 - Gene would have preferred an equity "line" (kind of like equity issued as needed over time, say in \$500,000 parcels, instead of all at once, as a way to not totally freak investors out)
 - Use of proceeds from capital raise:
 - \$5MM for new health products superstore (similar to a Costco)
 - New store will be focused on captive bus tourist audience (co apparently has done some math on this and believes it to be an attractive story – they've mentioned this in previous filings about tourists being a big buyer for health products)
 - \$5MM for Tier 1 cities build-out of stores (leasehold, inventory)
 - Co delayed spinoff of minority position in health products division b/c of lack of institutional appetite at an attractive price – mgmt. believes that health products story needs to be more fully fleshed out in the form of a superstore concept and franchised store locations for Asian investment market to better accept and place a premium value on health products shares
 - Spinoff could occur 18 mos from now (ugh)
 - Mgmt believed that if you can accelerate health products growth from 15-30%, the equity raise would be accretive
 - Off the record, Gene doesn't buy that growth can happen this quickly (I model 10% growth in base case)
 - Communication
 - Believe it or not mgmt. has been more open this year with details regarding operations than they ever have been in the past
 - Gene working with Chinese banks on potential lending – nothing concrete yet
 - Gene acknowledged that Norbert may not know when to give up the reins to more professional mgmt. as HQS is his baby
 - Countered by the fact he (Norbert) still owns a good piece of the equity and has hopefully seen that although he raised \$11MM in equity he destroyed a lot by sending awful signals to the marketplace
 - Outstanding q's (Gene available to talk whenever)
 - Add'l planned equity offerings?
 - Who were investors in latest equity raise?
 - Is co taking on too many things at once? Has focus been shifted from aquaculture to health products?
 - Mgmt's plans to buy more equity?

EXHIBIT B



This presentation contains forward-looking statements within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors.

Accordingly, although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company has no obligation to update the forward-looking information contained in this presentation.

Growth Plans

New Re-Processing Plant

3 Value added lines and two fillet lines

Dates

- Expected Completion Date Q1 2011
- Expected Initial Revenue ??

Capacity

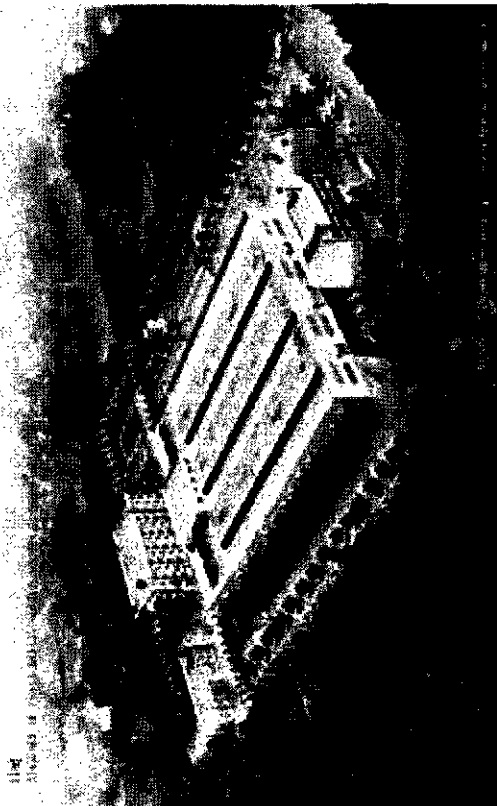
- 10 mm lbs of Meals and Value Added Products
- Run-Rate Capacity at 80%

Margin

- Gross Margin Expected to be +/-25%

Investment

- Estimated Capex \$15 mm
- Working-Capital Need Estimated to be \$15mm



HQ Sustainable Maritime Industries Inc. 2010

Growth Plans



HQ Sustainable Maritime Industries Inc. 2010

New Fry Breeding and Genetics Facility

Genetics development of Tilapia and other farmed fish, develop breeding pairs, fry breeding

Dates

- Expected Completion Date Q3 2010
- Expected Initial Revenue ??

Capacity

- Estimated Annual Fry 200 mm
- Run-Rate Capacity at 80%

Margin

- Gross Margin Expected to be +/-30%

Investment

- Estimated Capex \$8 mm
- Working-Capital Need Estimated to be \$8 mm

HQS – March 2010 Roth Presentation

- Current operations
 - Tilapia farmers on Hainan
 - One of the only provinces that is set aside for tourism and agriculture
 - Snakehead fish and carp help keep ponds clean, avoid need for antibiotics and promotes sustainability
 - In process of building out fry breeding plant
 - Allows co to control costs – ROI is significant (hurdle rate of 15%, but co expects 30% on this), helps productivity and sustainability
 - Every 18 mos you have brood stock
 - Can selectively breed for characteristics you want – improves by 10-15% fish size every 18 mo cycle (not genetically modified!)
 - Breakeven as of 4q09
 - Allows co to experiment w/ different types of feed to see wht works best
 - Worked hard to get certifications
 - Fair trade standards and food safety, esp given scares from china food products (pet food, baby food)
- Tilapia market
 - Most proteins have stagnated on a per-capita basis
 - Low feed conversion ratio makes tilapia very inexpensive to produce
 - Oceans can't continue to produce amt of fish being taken out of them – demand needs to be supplemented by aquaculture
 - Look at what Tyson did w/ chicken in terms of "efficiency" and "productivity" of stocks (similar to what HQS thinks it can do by owning hatchery)
 - Value-add products
 - Lillian's – Whole Foods – starting there, in 2q will be in 100 retail locations, expanded broker network
 - May look to co-brand nutraceuticals in US
 - feed sales – excess capacity will be sold to higher-end fish farmers (urchins, etc)
 - fry – most will initially be for co-op farmers of HQS's
- Growth plans
 - Feed mill
 - Spent \$15M to complete in capex
 - \$15M in working cap will be tied up in this – standard terms are 180 days in Asia
 - Working w/ farmers to take HQS feed and then trade that out for fish – acts as a bit of a natural hedge
 - Payback period of 3.5 yrs, ROI of 35-40%
 - New processing plant
 - Purchased land 200 yds away from current processing plant for new processing plant
 - Expects to complete in "q2" (not sure 2010 or 2011) – start revenues at this time as well
 - \$15-20M capex, \$15M working cap
 - Genetics / selective breeding
 - 200M fry per year (very high loss ratio – 40% from hatch to when they're 1 in long)
 - Mgns could be 30% or so
 - * Inv is \$8M (3-4 spent already, bal spent q1/q2), like # tied up in working cap

- Financials

- Nutraceuticals

- 1/3 of topline, 50% of bottom line
 - Margins dropping to high 60% or 70%, given
 - Co taxed on this business – 23% statutory tax rate, going to 25% in 2010

- Aquaculture

- 0% tax rate, encourages farmers to stay on field vs. coming to cities (from Chinese govt)
 - Was flat this year vs. 2008
 - Tilapia prices down from their highs (\$2.5/lb for 3-5 oz filets)
 - \$1.65/lb currently
 - Feb/March \$1.75/lb uptick
 - Margins of low 20% range expected going fwd

- Ebitda off

- Due to bad debt - \$3M reserve b/c co is experiencing growth into 2nd and 3rd tier cities, expects this to stabilize going forward as channel fills, std terms are 180-250 days, co's runs at 250 so it needs to work on collections better
 - Push on nutraceuticals side has led to cash drop – moved to A/R

- Summary

- Great business – ppl always have to eat!
 - Proteins are just not there from ocean to support demand from growing global population by 2025
 - Great location where co is at in China!

- Q&A

- What is the cost to the farmer, and how much of the profit does HQS get?
 - If you take 1 kg of fish, costs \$1 US – 20% of that is farmer's gross margin
 - His cost is \$.75-80, \$.52 is feed cost, the rest is labor and the cost of the fry
 - Are you going to do a buyback?
 - Guy on call doesn't think business has that much excess cash, given investments on the horizon
 - Depr has moved to COGS, just a note on accounting
 - Sig part of capacity for new processing plant is roped off for value add products – to-date Lillian's has not been widely accepted b/c of high price point, so does it still make sense to go fwd w/ this?
 - If sell thru is not there in 2q w/ whole foods / value added products, co will delay construction of new processing plant until it makes sense to do so
 - Co doesn't give guidance per se, but
 - Co thinks nutraceuticals can continue growth it has done in the past
 - 5-10% growth rate in aquaculture until pricing firms up
 - On feed mill, was breakeven on gross profit line, 100k metric tons capacity, avg price is \$400/metric ton, expect a learning curve as this ramps up

EXHIBIT D

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FORM 8-K

HQ SUSTAINABLE MARITIME INDUSTRIES, INC. - HQSM

Filed: August 16, 2010 (period: August 16, 2010)

Report of unscheduled material events or corporate changes.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): August 16, 2010

HQ Sustainable Maritime Industries, Inc.
(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33473
(Commission
file number)

62-1407522
(IRS employer
identification no.)

Melbourne Towers, 1511 Third Avenue, Suite 788, Seattle, WA
(Address of principal executive offices)

98101
(Zip code)

206-621-9888
Registrant's telephone number, including area code

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXHIBIT D

ITEM 7.01. REGULATION FD DISCLOSURE.

On August 16, 2010, HQ Sustainable Maritime Industries, Inc. (the "Company") issued a press release providing updates on the Company's marine bio and healthcare product segment, including long-term growth strategy. A copy of the press release is included as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release issued August 16, 2010.

EXHIBIT D

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HQ Sustainable Maritime Industries, Inc.

Date: August 16, 2010

By: /s/ Norbert Sporns

Name: Norbert Sporns

Title: CEO

EXHIBIT D

- We intend to achieve completely organic production of our tilapia products and to pursue organic certification of our farms as market demand dictates;
- We plan to expand direct and retail sales of our health products in China and internationally and to add other products we currently have in the development pipeline;
- We plan to expand our development of health products by using the by-products of tilapia, which will help increase the overall aquatic products' gross margins;
- We plan to expand our cooperative farming arrangements to increase the availability of tilapia to meet anticipated growth in demand; and
- We plan to construct our own tilapia farmed ponds to improve growth time and quality of our product and further vertically integrate our operations.

The Company plans to expand production of value added seafood products in a new re-processing production facility in close proximity to our current production facility. The Company sees increasing demand in China for value added seafood products and believes this new re-processing plant will help the Company expand its production capacity to meet this increased demand. The Company commenced construction of this new re-processing plant early this year and expects to complete construction in the first half of 2011.

In addition, the Company has undertaken the development of a fry breeding and genetics facility to target improvements in the growth rate of tilapia. The opportunity to improve the genetics of its tilapia and improve growth rates will help the Company take a leadership position as a low cost producer of high quality tilapia. We acquired the land for our fry breeding and genetics facility at the end of 2009 and began construction early this year. We expect to complete construction by the end of the third quarter or early fourth quarter of this year.

Follow-on Offering Announced August 10, 2010

In connection with the Company's Marine Bio and Healthcare Products segment long-term growth strategy, on August 10, 2010, we announced the pricing of a follow-on public offering of 3,202,999 units at \$3.6125 per unit for an aggregate of 3,202,999 shares of common stock and warrants acquiring 1,601,499 shares of common stock. Each unit consists of one common share and 0.5 of a warrant, with a per share exercise price of \$4.5156.

The Company received \$11,570,834 million in gross proceeds, prior to deducting underwriting discounts and commissions and offering expenses payable by the Company. The Company expects to use these proceeds for general corporate purposes, including investments in its Marine Bio and Healthcare Products segment. The offering closed on August 13, 2010.

EXHIBIT E

Morningstar® Document ResearchSM

FORM 8-K

HQ SUSTAINABLE MARITIME INDUSTRIES, INC. - HQSM

Filed: September 14, 2010 (period: September 13, 2010)

Report of unscheduled material events or corporate changes.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): September 13, 2010

HQ Sustainable Maritime Industries, Inc.

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- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXHIBIT E

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

HQ Sustainable Maritime Industries, Inc.

Date: September 14, 2010

By: /s/ Norbert Sporns

Name: Norbert Sporns

Title: Chief Executive Officer

EXHIBIT E

ITEM 7.01. REGULATION FD DISCLOSURE.

On September 13, 2010, HQ Sustainable Maritime Industries, Inc. (the "Company") issued a press release announcing that the Company will be participating in the Rodman & Renshaw Annual Global Investment Conference in New York City. The presentation to be used at the conference is furnished herewith as Exhibit 99.1 and a copy of the press release is furnished herewith as Exhibit 99.2, both of which are incorporated herein by reference.

The information contained in this Item 7.01 is not "filed" for purposes of the Securities Exchange Act of 1934, as amended, and is not deemed incorporated by reference by any general statements incorporating by reference this report or future filings into any filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates the information by reference. By including this Item 7.01 disclosure in the filing of this Current Report on Form 8-K and furnishing this information, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by reason of Regulation FD.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Presentation Materials for the Rodman & Renshaw Annual Global Investment Conference.
99.2	Press Release issued on September 13, 2010.

EXHIBIT E

EXHIBIT INDEX

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99.1	Presentation Materials for the Rodman & Renshaw Annual Global Investment Conference.
99.2	Press Release issued on September 13, 2010.

EXHIBIT E

Exhibit 99.F

HQ Sustainable Maritime Industries, Inc.

Listed on the NYSE Amex:

HQS

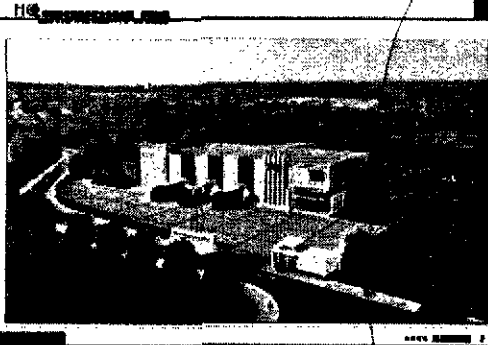


This presentation contains forward-looking statements within the meaning of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements includes, but not limited to, statements regarding our management's expectations, hopes, beliefs, intentions or strategies regarding the future, including our financial condition, the growth of our business, the proposed initial public offering of our marine bio and healthcare products segment, our future biomass production, our new re-processing plant and new fry breeding and genetics facility.

Such statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements, including changes from anticipated levels of sales, future national or regional economic and competitive conditions, changes in relationships with customers, access to capital, difficulties in developing and marketing new products, marketing existing products, customer acceptance of existing and new products, and other factors.

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Growth Plans



HQ Sustainable Maritime Industries Inc. 2010

New Re-Processing Plant

Value added production for China market to export standards

Dates

- Expected Completion Date Q1 2011

Capacity

- 10 million lbs of Meals and Value Added Products
- 6,500 m2 total construction area
- Run-Rate Capacity at 80%

Margin

- Gross Margin Expected to be +/-25%

Investment

- Estimated Capex \$15 mm
- Working-Capital Need Estimated to be \$15mm

Growth Plans



HQ Fry Breeding and Tilapia farming facility, Sanjiang, China

HQ Sustainable Maritime Industries Inc. 2010

New Fry Breeding and Genetics Facility

Genetics development of Tilapia and other farmed fish, develop breeding pairs, fry breeding

Dates

- Expected Completion Date Q3 2010

Capacity

- Estimated Annual Fry 200 mm
- Run-Rate Capacity at 80%

Margin

- Gross Margin Expected to be +/-30%

Investment

- Estimated Capex \$8 mm
- Working-Capital Need Estimated to be \$8 mm

EXHIBIT F

November 9, 2010 - 7:28 AM EST

 PRINT
  EMAIL
  SMALL
  LARGE

HQ Sustainable Maritime Industries, Inc. Announces Third Quarter 2010 Financial Results

Third Quarter Sales Increased 27% to \$28.2 Million, Compared to \$22.2 Million Last Year

Company Generated Third Quarter EBITDA of \$8.0 Million, an Increase of 63%

Net Income Grew 70% to \$6.9 Million, Compared to \$4.0 Million Last Year

Nov. 9, 2010 (Marketwire) --

SEATTLE, WA -- (Marketwire) -- 11/09/10 -- HQ Sustainable Maritime Industries, Inc. (NYSE Amex: HQS) ("HQS" or the "Company"), a leading producer of functional, sustainable Tilapia biomass, including fish and personal healthcare products, today reported financial results for the third quarter ended September 30, 2010.

Third Quarter 2010 Results

For the third quarter of 2010, sales increased 27% to \$28.2 million, compared to \$22.2 million for the third quarter of the prior year. The increase in sales was primarily the result of strength from the new feed products added in late 2009.

Aquaculture product segment sales decreased by 4% to \$13.4 million, compared to \$14.0 million in the third quarter of 2009. The aquaculture product segment sales decrease is primarily related to an overall volume reduction of shrimp and ocean caught fish products sold in third quarter of 2010 compared to the third quarter of 2009, slightly offset by an increase in tilapia sales.

Health and bio-product segment sales increased by 6% to \$8.6 million in the third quarter of 2010, compared to \$8.1 million in the same period last year. In addition, the Company's new feed mill generated sales of \$6.2 million.

Gross profit for the third quarter of 2010 decreased 3% to \$9.5 million, compared to \$9.8 million in the third quarter of the prior year. The Company's gross profit ratio decreased to 34% in the third quarter of 2010 versus 44.0% in the third quarter of 2009. Although higher sales were recognized in the third quarter of 2010, the gross profit ratio decreased mostly due to a lower mix of segment gross profit from the feed products operations in the third quarter of 2010.

For the third quarter of 2010 operating income increased by \$2.9 million or 60% to \$7.8 million compared to \$4.9 million in the same period of the prior year. The operating income increase experienced in the third quarter of 2010 was primarily due to the recovery of bad debt, as the aging of receivables improved compared to the prior year period, which was slightly offset by lower gross profit. In the third quarter of 2010, the Company realized a recovery of \$2.0 million in doubtful accounts compared to the recognition of a potential loss of \$1.3 million in doubtful accounts in the third quarter of 2009.

EBITDA for the third quarter of 2010 increased 63% or \$3.1 million to \$8.0 million, compared to \$4.9 million for the same period last year.

Net income for the third quarter of 2010 increased by 70% or \$2.8 million to \$6.9 million, or \$0.40 per diluted share calculated on 16.6 million diluted shares compared to net income of \$4.0 million, or \$0.27 per diluted share calculated on 14.8 million diluted shares in the third quarter of 2009. Although the overall gross profit was less in the third quarter of 2010, the bad debt recovery had the most significant positive impact on the current quarterly results.

"We are extremely pleased with our third quarter financial performance. Our management team continues to execute on our operational and strategic initiatives for growth," said Norbert Sporns, HQ Sustainable Maritime's President and Chief Executive Officer. "We believe we have laid the groundwork for future financial and operational successes through our vertically integrated approach to all-natural Tilapia aquaculture bio-mass product development and distribution. We are very optimistic about our outlook for the remainder of 2010 and more importantly fiscal 2011 as we focus on long-term profitable growth and strong cash flow generation."

Nine Month 2010 Results

For the first nine months of 2010, sales increased by 29% to \$63.2 million compared to \$49 million for the same period last year. The sales increase is primarily related to the growth in sales from the Company's new feed product segment. Gross profit decreased 2% to \$20.4 million compared to gross profit of \$20.8 million for the first nine months of 2009. Operating income increased by 36% to \$11.9 million compared to \$8.7 million for the first nine months of 2009. Net income increased by 55% to \$9.7 million, or \$0.58 per diluted

EXHIBIT F

HQ SUSTAINABLE MARITIME INDUSTRIES, INC. AND SUBSIDIARIES

(INCORPORATED IN THE STATE OF DELAWARE WITH LIMITED LIABILITY)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 9,699,599	\$ 6,247,524
Non-cash items:		
Depreciation and amortization	1,404,021	1,048,345
Loss of disposal of fixed assets	33,708	-
Transfer from construction in progress	14,910	-
Fair value change in derivative financial instruments	(619,027)	(75,798)
Financial and other non-cash services	-	1,115,823
Change in non-cash working capital items:		
Inventories	17,047	(367,571)
Trade receivables, net of provisions	6,133,679	(12,690,375)
Prepaid expenses	(1,752,419)	(262,416)
Accounts payables and accrued expenses	(159,915)	1,512,242
Tax payable	456,664	21,750
	-----	-----
Cash flow generated from (used in) operating activities	15,228,267	(3,450,476)
	-----	-----
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,118,605)	(163,842)
Sales proceeds of disposal of fixed assets	2,203	-
Construction in progress	6,679	(6,570,719)
Deferred expenses	(234,545)	-
	-----	-----
Cash flow used in investing activities	(1,344,268)	(6,734,561)
	-----	-----
FINANCING ACTIVITIES		
Net cash proceeds from issuance of common stock	10,411,077	10,774,720
Due to directors	825,839	(197,803)
	-----	-----
Cash flow generated from financing activities	11,236,916	10,576,917
	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,120,915	391,880
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,390,828	230,881
Cash and cash equivalents, beginning of period	\$ 36,957,303	54,920,548
	=====	=====
Cash and cash equivalents, end of period	\$ 64,469,046	\$ 55,543,309
	=====	=====
SUPPLEMENTARY CASH FLOWS DISCLOSURES		
Interest paid	\$ -	\$ -
	=====	=====
Taxes paid	\$ 2,171,657	\$ 1,565,081
	=====	=====
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		

August 9, 2010 - 7:18 AM EDT

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HQ Sustainable Maritime Industries, Inc. Announces Second Quarter 2010 Financial Results

Second Quarter Sales Increased 29% to \$20.7 Million, Compared to \$16 Million Last Year

SEATTLE, WA, Aug. 9, 2010 (Marketwire) --

SEATTLE, WA -- (Marketwire) -- 08/09/10 -- HQ Sustainable Maritime Industries, Inc. (NYSE Amex: HQS) ("HQS" or the "Company"), a leading producer of functional, sustainable Tilapia biomass, including fish and personal healthcare products, today reported financial results for the second quarter ended June 30, 2010.

Second Quarter 2010 Results

For the second quarter of 2010, sales increased 29% to \$20.7 million, compared to \$16 million for the second quarter of the prior year. The increase in sales was primarily the result of strength from the new feed products added in late 2009.

Aquaculture product segment sales increased 1% to \$10.6 million, compared to \$10.5 million in the second quarter of 2009. The aquaculture product segment sales increase is primarily related to an overall volume reduction of 7% of fish products sold in the second quarter of 2010 compared to the second quarter of 2009, offset by average price increases the second quarter of 2010, compared to the same period last year.

Health and bio-product segment sales increased 6% to \$5.8 million in the second quarter of 2010, compared to \$5.5 million in the same period last year. In addition, the Company's feed mill generated sales of \$4.3 million. This compares to sales of \$3.1 million in the first quarter of 2010, as well as sales of \$1.3 million in the fourth quarter of 2009, which was the first time the feed product segment began to generate revenue.

Gross profit for the second quarter of 2010 decreased 1% to \$6.5 million, compared to \$6.6 million in the second quarter of the prior year. The Company's gross profit ratio decreased to 32% in the second quarter of 2010 versus 41% in the second quarter of 2009. The gross profit ratio decrease is primarily related to the health and bio-products and the feed products segments. The decrease in the health and bio-products gross profit ratio is due to an increase in average packaging costs related to the new OMOJO brand. In the feed product segment, we expect that the gross profit ratio will continue to improve in the coming periods as the volumes processed increases to support the fixed costs more favorably.

For the second quarter of 2010, operating income decreased to \$2.4 million from \$2.8 million in the same period of the prior year. The decrease experienced in the quarter was primarily due to the provision for doubtful accounts in the aquaculture product segment as compared to the prior year to adjust to the extended collection period. EBITDA for the second quarter of 2010 decreased to \$2.9 million, compared to \$3.1 million for the same period last year.

Net income for the second quarter of 2010 was \$1.3 million, or \$0.07 per diluted share calculated on 14.9 million diluted shares compared to net income of \$1.1 million, or \$0.09 per diluted share calculated on 12.6 million diluted shares in the second quarter of 2009. In addition, net income for the second quarter of 2010 includes a one-time charge of \$730,000, or \$0.05 per diluted share, related to non-deductible marketing expenses in the second quarter of 2009, which resulted in additional income taxes in the health and bio-product segment this quarter. Excluding the one-time charge, the Company reported adjusted net income of \$2.1 million or \$0.12 per diluted share. Net income during the second quarter of 2010 was positively impacted by the fair value change in derivative financial instruments for an amount of \$227,000 related to the outstanding warrants. All of our notes have been converted as of December 31, 2009. We will continue to evaluate quarterly this fair value change in the future until expiration of the warrants.

"We are pleased to report strong revenue growth for the second quarter. Operationally our results improved sequentially and we are optimistic about our future growth in each of our three primary product segments," said Norbert Sporns, HQ Sustainable Maritime's President and Chief Executive Officer. "We are laying the foundation to deliver long-term value to our shareholders. We continue to focus on execution, including increased sales of our diversified products, increased margin expansion, and vertical integration in the production of our all-natural Tilapia aquaculture bio-mass which will further reduce the costs of production and increase long-term profitable growth and cash flow generation."

Six Month 2010 Results

For the first six months of 2010 sales increased 30% to \$35 million compared to \$26.9 million for the same period last year. The sales increase is primarily related to the increase in sales from the Company's feed product segment added in late 2009. Gross profit decreased

EXHIBIT G

Additional paid-in capital	79,329,349	79,281,209
Accumulated other comprehensive income	9,791,334	9,508,756
Retained earnings	18,418,397	15,737,809
Appropriation of retained earnings (reserves)	7,640,155	7,481,052
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	115,194,016	112,023,607
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 121,704,060	\$ 119,805,825
	-----	-----

HQ SUSTAINABLE MARITIME INDUSTRIES, INC. AND SUBSIDIARIES
(INCORPORATED IN THE STATE OF DELAWARE WITH LIMITED LIABILITY)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended	
	June 30, 2010 (Unaudited)	June 30, 2009 (Unaudited)
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 2,832,934	\$ 2,200,091
Non-cash items:		
Depreciation and amortization	910,166	767,291
Transfer from construction in progress	14,790	-
Fair Value change in derivative financial information	(364,706)	229,998
Financial and other non cash services	-	910,125
Change in non-cash working capital items:		
Inventories	(646,066)	(348,076)
Trade receivables, net of provisions	6,613,613	(576,317)
Prepayments	(878,649)	(287,797)
Accounts payable and accrued expenses	(1,558,545)	573,016
Taxes payable	78,355	(266,927)
	-----	-----
Cash flow generated from operating activities	7,001,892	3,201,404
	-----	-----
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment-net	(854,324)	(100,868)
Sale proceeds of disposal of fixed assets	-	-
Construction in progress	6,625	(5,385,961)
	-----	-----
Cash flow used in investing activities	(847,699)	(5,486,829)
	-----	-----
FINANCING ACTIVITIES		
Cash proceeds from issuance of common stock	-	10,850,679
(Due to) directors	548,106	(433,604)
	-----	-----
Cash flow (used in)/generated from financing activities	548,106	10,417,075
	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,702,299	8,131,650
	-----	-----
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	180,369	37,200
Cash and cash equivalents, beginning of year	36,957,303	54,920,548
	-----	-----
Cash and cash equivalents, end of year	\$ 43,839,971	\$ 63,089,398
	=====	=====
SUPPLEMENTARY CASH FLOWS DISCLOSURES		
Interest paid	-	-
	=====	=====
Taxes paid	\$ 1,543,525	\$ 1,220,068